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The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

JOSEPH DENUCCI
AUDITOR

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92-6002-9

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Mr. Paul Fieldstad, Director
Hampden County Regional Animal Control Center
701 Center Street
Chicopee, Massachusetts 01013

February 9, 1993

Dear Mr. Fieldstad:

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we conducted an audit of the Hampden County Regional Animal Control Center. We examined selected financial and operational activities of the center for the period July 1, 1989 to December 31, 1991 to determine whether the center complied with applicable laws and regulations. Our audit was conducted in accordance with generally accepted government auditing standards (GAGAS) for financial-related audits and, accordingly, included such tests and procedures as we considered necessary under the circumstances.

Our audit procedures included the following:

- a. Review of the adequacy of the center's internal control system over cash receipts and expenditures.
- b. Review of procurement and purchasing practices.
- c. Review of the center's financial statements, budgets, cost reports, and other pertinent financial records to ensure that these records were adequately prepared and maintained.
- d. Review of general operations at the center.
- e. Review of applicable independent public accountant reports, workpapers, and prior audit results and corrective action taken thereon.

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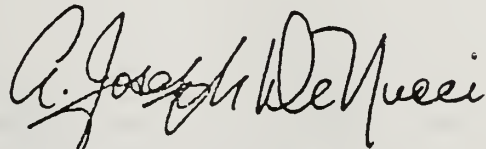
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Except for weaknesses in internal controls over dog activity transactions, procurement and purchasing practices, and under-utilization of the center's facilities (which are more fully detailed in the Audit Results section of this report), we determined that the Hampden County Regional Animal Control Center was in compliance with applicable laws, rules, and regulations.

Sincerely,

A handwritten signature in black ink, reading "A. Joseph DeNucci". The signature is fluid and cursive, with the first name "A." and last name "DeNucci" clearly legible.

A. JOSEPH DeNUCCI
Auditor of the Commonwealth

cc: Hampden County Commissioners
Rose Marie Coughlin, Hampden County Treasurer

AUDIT RESULTS

1. Status of Prior Audit Results

The most recent Single Audit of Hampden County was completed May 17, 1991 by the county's independent public accountant and contained two audit results pertaining to the Hampden County Regional Animal Control Center. These results and those of our follow-up review follow:

a. Prior Audit Result No. 1:

Hampden County Regional Dog Facility: The facility accepts donations in lieu of a fee for people wishing to leave their unwanted dogs. The facility does not use pre-numbered forms. The use of pre-numbered forms would enable the County to reconcile cash receipts. These forms must be accounted for to ensure that all donations are deposited and turned over to the County.

We recommend the County institute the use of pre-numbered forms for the facility to enhance cash controls.

Our review indicated that this condition still existed at the time of our field work. This condition and recommendations for further improvements are elaborated on in Audit Result No. 2 of this report.

b. Prior Audit Result No. 2:Regional Dog Control Program:

Timely Deposit of Funds: The Regional Dog Control facility had a policy of depositing cash collections on a weekly basis. More frequent deposits were made only if collections were in excess of \$500. It was recommended that deposits be made on a daily basis to insure integrity of cash control. The County Treasurer responded that it would require all County departments to make daily deposits if cash receipts for any day exceed \$20.

Our review indicated that although the center was still not in full compliance with the County Treasurer's directive, toward the end of our audit period we noted improvements in the frequency and timeliness of deposits.

The center should take steps for full compliance with the County Treasurer's directive and ensure that all future deposits are always made on a daily basis when collections exceed \$20.

2. Inadequate Internal Controls over Transactions

The primary activity of the center is to capture or place stray, unwanted, or abandoned dogs in the center's pound facility and to record both corresponding historical data required by law and financial data associated with these placements. The center must adhere to Chapter 140, Section 151A, of the General Laws, which authorizes these specific controls:

Every dog officer shall make, keep, and maintain systems of records or forms which fully and correctly disclose the following information concerning each dog in his custody:

The date and location of each apprehension; a description of each animal; place of confinement; if tagged, the name and address of owners of such animal; name and address of new owner including the date of sale or transfer of such animal. If animal is destroyed said dog officer shall record the method and date of destruction and the name of the person who executed such animal, copies of such records shall, for a period of two years, be kept in the offices of the county dog office and the city or town clerk where such dog officer is employed.

In addition, the county has established required fee-payment schedules over which the center must maintain financial controls.

We noted that the center implemented several control procedures shortly after the inception of the center's initial operating period in 1987 in order to comply with the General Laws' specific requirements and the county's fee-payment schedule. These control procedures mainly consisted of preparing and maintaining (a) intake forms, (b) monthly control logs, (c) kennel control cards, (d) monthly summary reports, (e) receipt forms, and (f) deposit control sheets designed to document both historical and financial data relative to each dog impounded.

Our review of the control procedures implemented by the center indicated these procedures were not being properly carried out.

a. Intake Forms: The center's intake forms, as the primary control documents, are designed to provide a complete historical and financial profile

of each dog impounded. The date of delivery; the identification of sex, breed, and characteristic features; disposition of animal (whether returned to owner, adopted, or put to sleep); medical data/services while in custody; date of disposition; and fees associated with impoundment are supposed to be recorded on this intake form, along with dog control officers' signatures (authorizing both impoundment and release from the center).

We found that intake forms were not being fully completed; the center did not record vital data on impounded dogs, and dog control officers' signatures required for both impoundment and release were missing. These deficiencies negated the control features for which the intake forms and monthly logs (see item b) were designed, specifically, to disclose complete information on both the historical and financial data of each dog impounded.

We found that, contrary to sound control procedures, impounded dogs were not being uniquely identified by using the control numbers of pre-numbered intake forms. The center could bring dogs into the pound, complete an intake form, and then not enter the data into the monthly control log. If the intake form is destroyed and cash collected from adoptions or returns of dogs is not recorded, this cash could be stolen and the transaction concealed. Pre-numbered intake forms would provide an accounting for all intake forms and would serve as a control source for reporting data on dogs.

As a result of the center's not properly maintaining this particular pound-control document the center lacked the primary source data needed to initiate, document, and make available for summarization complete dog activity transactions. Without sufficient source data, the center cannot maintain adequate controls over other related activities including reporting summations of monthly transactions given to County Commissioners; recording cash receipt income from new owners adopting dogs or from owners whose dogs are returned

after being impounded at the center; tracking deposits related to cash receipts income; ensuring the timeliness of deposits in depositories, and creating accurate accounting trails for these deposits to specific cash-collection transactions.

b. Monthly Control Logs: Monthly control logs currently maintained at the center are prepared once the intake forms are completed. The log provides a summary or monthly census of dog impoundment activity. The log is the center's reference source for persons seeking information on dogs, owners seeking lost dogs, or individuals seeking to adopt a stray or abandoned dog.

Our review showed these logs to be sufficient to control the census of the dogs impounded at the center at any given time. However, we did note this control feature is completely dependent upon the accuracy of data entered upon the dog-intake forms, which we found to be incomplete and deficient. Also, without pre-numbered intake forms, the reference in the log may be erroneous and may cause misinformation to be given to those seeking dogs.

c. Kennel Control Cards: Kennel control cards are prepared for each dog impounded. These blank cards, pink for female, blue for male, are created from data recorded on the control intake form. These cards contain data such as date of impoundment, sex and breed of animal, dates of vaccinations or medical services/injections, and final disposition of dog (adopted, returned to owner, or put to sleep).

Contrary to established procedures, the kennel control card was used instead of the dog intake form as the primary document to record the names and addresses of owners or adopters of the dog upon release. In most instances these cards also serve as the only source data to back up the activity of the center's veterinarian when animals are put to sleep. References of PTS (put to sleep), or euthanasia, are noted on these cards. There was no log or

signature requirement to certify when an animal was put to sleep by the veterinarian. (See Audit Result No. 3 a.)

d. Monthly Summary Reports: Monthly summary reports submitted to the County Commissioners are intended to compile activity on total dogs impounded, dogs adopted, dogs returned to owners, and dogs euthanized.

We found that the monthly summary reports that the center submits to the County Commissioners were not accurate and did not adequately reflect the monthly activity of actual transactions as recorded in the monthly log books.

A cumulative summary prepared from the center's monthly logs for fiscal year 1991 follows:

<u>Total Dogs Impounded</u>	<u>Dogs Adopted</u>	<u>Dogs Returned to Owners</u>	<u>Dogs Put to Sleep</u>	<u>Other - Died, Escaped, or Stolen</u>
1,316	599	491	213	13

The summary from the logs can be compared with the corresponding cumulative monthly summary reports submitted to the Commissioners for fiscal year 1991:

<u>Total Dogs Impounded</u>	<u>Dogs Adopted</u>	<u>Dogs Returned to Owners</u>	<u>Dogs Put to Sleep</u>	<u>Other - Died, Escaped, or Stolen</u>
1,313	391	480	101	13

We found that the Commissioners' reports, the only cumulative data available on the center's kennel transactions, did not account for 328 dogs impounded. The center's Director stated that these reports were prepared from log book data, but this statement could not be confirmed. He stated that these reports were inaccurate because of timing reporting differences between the dates of dog impoundment and dog disposition. He further stated that these reports are not used for any specific purposes by the Commissioners.

After further analyzing these reports, we found that they did not account for beginning and ending census data of dogs impounded. Dogs in the kennel were not being accounted for both at the beginning and the end of each month. The absence of this key data precludes any effective reporting of activity or any monthly reconciliation of such activity.

Since the monthly logs are the main summary of kennel activity, any reports created from them should accurately reflect the activity posted. All reports should account for all dogs during the reporting month and should be complete and accurate. Reports should be reviewed by those requesting reports, and all data should be periodically checked by someone other than the employee preparing such reports. Comprehensive reports on dog transactions also serve as public information on the care provided to dogs and as an integral budgetary tool in preparing revenue projections based upon historical data of dog census.

e. Receipt Forms: Owners returning or adopting dogs are subject to the various impoundment, licensing, adoption, and vaccination fees set by the county for the care and handling of the animal while in custody. These fees are controlled and reported on individual receipt forms. The fees are calculated and collected on the receipt forms by the dog control officer releasing the animal. The center has a cash-only policy, which necessitates strong control procedures to document these transactions.

Pre-numbered receipts are necessary control features when only cash is accepted for payment. We found that receipt forms given to customers were not pre-numbered, and the center did not use its cash register to record the transactions. Although the original intake form provides for recording and recapping the related cash transaction, the employee preparing the form and collecting the fee did not always sign off on the form as required or transfer

data from the receipt form to the intake form. This precludes an audit trail to identify the employee collecting the cash from customers and verifying the accuracy of the recorded transaction.

f. Deposit Control Sheets: Deposit control sheets have been devised to recap the center's cash activity. These forms summarize individual receipt forms and control documents used to support the center's bank deposits.

Deposit control sheets prepared for recapping cash transactions identify the owner or adopter but do not reference the receipt form or identify each dog. Because the center did not assign individual identifying numbers to each dog, an audit trail was not provided to trace the cash activity to the dog impounded. Dog intake forms or receipt forms were not referenced on the deposit control sheet. An employee therefore could not efficiently or effectively trace the paying owner/adopter without searching several center files for relative data. In many instances the only means to trace the dog to an owner or adopter were notations on the back of kennel cards identifying the dog.

Over the period reviewed, we noted \$181,000 in cash revenues collected mostly in increments of \$60 or less. Based upon our review we found no evidence of cash missing; however, because of the large number of cash collections directly related to kennel transactions, it is imperative that sound internal controls be implemented to ensure the integrity of these transactions and to prevent theft, fraud, or abuse of funds.

Recommendation: The center should take immediate steps to improve its internal control practices, either by modifying existing records or installing new records.

- a. The center must pre-number all intake forms, which serve as the primary control document. These pre-numbered forms must be initiated and authorized by the dog control officer impounding the dog. Identifying

data must be initially entered then retained until a dog is adopted, returned to owner, or disposed of. Supervisory oversight is essential to ensure all intake forms are complete (i.e., include all required signatures before any transaction is completed and filed away). The identifying number given to the dog and referenced by this intake form should be used on all other forms, logs, cards, receipts, reports, or any other related control documents maintained at the center.

- b. Monthly control logs should be prepared and maintained using the unique identifying number on the dog intake form.
- c. All kennel control cards must contain the identifying intake form control number. All pertinent information (e.g., medical history, ownership, disposition of each dog, notations contained on kennel cards) must be transferred to the intake control form to provide a complete history of the dog impounded.
- d. Monthly summary reports to Commissioners must be prepared to accurately reflect the center's transactions. By adding beginning dog census and subtracting ending dog census in each month's report, the center will have complete, concise, and informative data. Also, an annual report should be prepared summarizing all the monthly reports. This report will aid in the budgetary process.
- e. All receipt forms given customers must contain the dog's identification number taken from the intake form. All data prepared and entered on receipt forms must be transferred to the intake forms and be periodically reviewed for accuracy by an employee other than the one preparing the receipt. All receipt forms and intake forms must contain signatures of those employees completing the forms in order to identify the employee collecting cash from customers. Also, the cash register at the center should be used to control daily cash taken in and as a check and balance in the deposit recap summary process.
- f. All deposit control sheets must contain the identifying number of the dog for which the cash transaction is generated. Then individual owners or adopters will be easily matched to both the dog disposition and the related corresponding cash transaction.

3. Procurement and Purchasing Practices

During our review of the center's procurement and purchasing practices, we found several areas needing improvement.

a. Veterinary Services: The center was paying a veterinarian \$500 a month for services under an oral agreement between the center's Director and the veterinarian instead of a formal, written contract. The center's Director stated that these services were arranged this way based upon a scaled-down

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operating budget in fiscal years 1991 and 1992. Previously, the veterinarian was operating under a written agreement dated June 12, 1987, which outlined specific consultation, veterinary services, and other related animal health supplies and materials to be provided at \$1,000 a month remuneration.

Prudent business practices dictate that such services be specified formally and in writing to adequately plan for and delineate the scope of such animal health care services to be provided on an ongoing basis at the center. However, the center's records do not specify the activity of each veterinarian visit; there were no records maintained on what services were rendered. The veterinarian had put dogs to sleep without filing any documentation or medical notations at the center. Although our staff was told that the veterinarian visited the center every two weeks, no written data were available to substantiate the scope of services delivered during each visit. Also, billing from the veterinarian indicated only monthly services provided with no specific description of services or dates actual services were rendered.

Because it is crucial for the center to ensure the continuity and quality of animal care, contracting for such services helps meet this need. The contractual agreement should specify the scope of services to be delivered and provide assurances as to the quality, quantity, and availability of these services. Also, noncompliance with contractual terms can be monitored and action taken to ensure all services are provided as purchased.

b. Gasoline Purchases: During the audit period the center purchased all gasoline for all of its vehicles at a local service station and paid current market prices. During fiscal years 1990, 1991, and 1992 (through December 31, 1991) the center spent \$8,318 for gasoline for these vehicles.

The center could achieve cost savings if the county could purchase gasoline in bulk for the center. Cost savings could also be realized if the

member communities, Springfield and Chicopee, allowed the center to purchase gasoline through its municipal pumps. This would allow the center to take advantage of current discounts available through bulk purchasing under such arrangements provided for by a consortium of Western Massachusetts municipalities.

In June 1991 and December 1991 the center averaged \$1.22 and \$1.26 a gallon, respectively, for filling its vehicles at retail locations. Municipal bulk prices in Springfield and Chicopee averaged \$1.04 and \$.85 cents for the corresponding periods. This projects to a savings of 15 to 32 percent if the center could take advantage of bulk purchase arrangements within the county or its member communities.

c. Dog Food Purchases: The center purchased all of its dog food at one local business. Food was purchased on an as-needed basis at the most convenient location. The purchase price fluctuates based on current retail market price. We found no documentation at the center to indicate that any attempt was made to secure discounts on purchases or that bids of solicitation for price quotes were ever made. Purchases totaled \$4,876 during the audit period.

The center could save if it consolidated ongoing purchases, solicited price quotes prior to purchases, and considered bulk purchases for quantity discounts.

Recommendation:

- a. The center should negotiate a written contract or agreement for veterinary services that would identify the scope of services to be performed, delineate the responsibilities of the center and the veterinarian, and outline any special services or supplies to be delivered. The center must also ensure that all veterinary services provided are documented. Dates of delivery of services, scope of services delivered, and any pertinent medical data should be identified in the center's records by using a medical log that the veterinarian would sign after each visit.

- b. The center should seek out and take advantage of bulk purchase arrangements for gasoline by either arranging purchases with member cities or consolidating bid practices with other county departments.
- c. The center should prepare bid specifications to solicit quotes or bids on dog food purchases and consider consolidating purchases or making bulk purchases to take advantage of quantity discounts and cost reductions.

4. Under-Utilization of Animal Control Facility

The Hampden County Regional Animal Control center was established for the purpose of serving the county's 23 member cities and towns. It was built and developed to consolidate previously duplicate or unavailable pound services and to provide consistent and humane treatment and care for stray, abandoned, or unwanted dogs throughout the county.

During our review of the center's general operations, we noted that there has been limited participation by member cities and towns in services offered by this facility. Only three cities--Springfield, Chicopee, and Holyoke--initially participated in the center's operation. Holyoke withdrew its participation in 1990, citing the need to shift budget priorities and funding shortfalls within the city to support other vital city services. Other communities have chosen to forego the use of the facility because of the requirements to contribute funding to offset fixed costs associated with the center's operation. Currently, Springfield and Chicopee contribute through an assessment of approximately \$212,000 annually to support the center's operations. This assessment is based upon a \$1 per-person census in each city.

In what may be a direct correlation to member participation, the dog center is being under-utilized. The center, which has a kennel pen capacity of 126 individual dogs, had between 30 and 50 dogs daily during the period we reviewed.

By operating substantially under capacity, the center was not being efficient in the use of its facilities, causing a higher operating cost for the number of dogs. This results in increased costs being assessed to member cities and continued maintenance of a facility that is larger than is needed for its present level of usage.

The County Commissioners should examine better ways of using the center's resources. The center's expenditures being predominately fixed (salaries, building lease, and maintenance expenses), the facility would be more efficiently used if pound census totals significantly increased. Revenues would increase through more adoptions and fees for care. By increasing revenue, the center could then reduce the amount of assistance given by member communities to subsidize the center's present operation. These funds can then be diverted to other more crucial community activities because the need to offset fixed costs by member communities would be diminished.

The center should strive for self-sufficiency or at least for lower member assessments, which are annual contributions of assistance given by member communities to offset the cost of operations. The center did not have a long-range plan for expansion, continuation, or reduction of services. Such a plan would greatly enhance the overall operations and future directions of the center and would serve as a financial and budgetary tool, a measurement device for service needs, and a model format for siting and operating such facilities in other parts of Hampden County or other counties throughout the Commonwealth. It would also set management goals for performance and monitoring.

Recommendation: The County Commission should implement the following:

- o Review the center's overall operation to address the facility's under-utilization. The county should also explore ways to increase average dog census and source revenue to offset declining county, city, and town support revenues.

- o Encourage broader participation by other cities and towns by addressing alternative funding mechanisms or offering other incentives.
- o Develop a long-range plan for the center, which should include decisions on the future role of the center, financing plans for continued facility maintenance and operation, and management goals and objectives.
- o Devise a model format for siting, developing, building, and operating other facilities either in Hampden County or other counties throughout the Commonwealth.

At a meeting held after the conclusion of our fieldwork, the Director of the center stated that he would begin to implement our recommendations for improving controls over transactions, for contracting veterinary services, and for purchasing gasoline and dog food. He also said that he would meet with the County Commissioners to discuss the center's overall operations and any cost-saving and revenue-enhancing measures.

